

AMENDED IN ASSEMBLY MARCH 27, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1138**

**Introduced by Assembly Member La Suer**

February 23, 2001

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An act to add Section 63025.3 to the Government Code, relating to infrastructure development, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1138, as amended, La Suer. Infrastructure development: low-interest loans.

The existing Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank within state government with a board of directors having prescribed duties. Existing law authorizes the bank board to make secured loans and undertake related activities for the purpose of financing projects, as defined, that relate to economic development and infrastructure improvements, including, but not limited to, utilities and power facilities.

This bill would authorize the bank board to make a low-interest loan to a sponsor or a participating party, as defined, for costs associated with the repowering, as defined, of existing electrical facilities or for the planning, design, construction, and startup of peak demand facilities of up to 150 megawatts, *subject to specified conditions*. The bill would declare the intent of the Legislature to provide incentives to build new power plants in California ~~and would require, as a condition of the~~

~~low-interest loan, that the power generator give California utilities a right of first refusal to purchase any electricity produced by the facility.~~

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares that in order  
2 to encourage increased power generation in California, it would be  
3 useful to provide incentives to build new powerplants in  
4 California.

5 SEC. 2. Section 63025.3 is added to the Government Code to  
6 read:

7 63025.3. (a) In addition to other powers set forth in this  
8 division, the bank board may make a low-interest loan to a sponsor  
9 or a participating party for ~~any~~ *either* of the following:

10 (1) Costs associated with the repowering of any existing  
11 facilities for the generation of electrical power.

12 (2) Costs associated with the planning, design, construction,  
13 and startup of facilities for the generation of electrical power of up  
14 to 150 megawatts that are intended to operate only during peak  
15 demand periods.

16 ~~(b) As a condition of receiving a low-interest loan, the sponsor~~

17 *(b) Loans made pursuant to this section shall be subject to the*  
18 *following conditions:*

19 *(1) The sponsor or participating party shall agree to give*  
20 *California utilities a right of first refusal to purchase any electricity*  
21 *produced by the facility for which the loan is made.*

22 *(2) The participating party shall have an existing contract with*  
23 *the Independent System Operator or the Department of Water*  
24 *Resources.*

25 *(3) The electrical power generated by the facility for which the*  
26 *loan is made shall be used exclusively within the state.*

27 *(4) The loan amount shall not exceed 75 percent of the total cost*  
28 *of the project.*

29 SEC. 3. This act is an urgency statute necessary for the  
30 immediate preservation of the public peace, health, or safety

1 within the meaning of Article IV of the Constitution and shall go  
2 into immediate effect. The facts constituting the necessity are:  
3 In order to provide timely relief from rapidly increasing  
4 wholesale energy costs and retail energy rates that are endangering  
5 the public peace, health, and safety, it is necessary that this act take  
6 effect immediately.

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